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SUBJECT: POLITICAL MANEUVERS SHIFT ELECTION LANDSCAPE

REF: MANILA 924 (CANDIDATES BEGIN JOCKEYING FOR 2010  
PRESIDENTIAL ELECTION)

Classified By: Ambassador Kristie A. Kenney,  
reasons 1.4 (b) and (d).

11. (C) SUMMARY: With time dwindling to line up funding and party support, presidential hopefuls increased efforts to break away from the pack, or undermine their rivals. The hasty merger of parties loyal to President Arroyo and former President Ramos appeared to bolster Malacanang Palace's kingmaking role in the planned May 2010 presidential poll, but left deeply bruised egos in its wake. Rivals of wealthy "presidentiable" Senator Manuel Villar sought to undercut his bid with an ethics investigation, even as one of his chief detractors faced damaging scrutiny over a brutal double murder in 2000. President Arroyo, hoping to dispel rumors she seeks to extend her term in office, reaffirmed her support for next year's elections, while her Congressional supporters passed a resolution significantly bolstering the House's power to change the Constitution, inviting certain Senate and Supreme Court challenges. Meanwhile, election officials moved closer to finalizing a massive election automation scheme that faces daunting technical, political, and legal difficulties.

12. (SBU) In this second of two cables, we examine the latest changes in the political landscape that will affect the outcome of the 2010 elections and also take a closer look at second-tier presidential candidates. END SUMMARY.

#### WINNOWING THE CANDIDATES

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13. (C) Major political events in recent weeks and tighter poll numbers among presidential competitors are reshaping the Philippine election landscape. Latest figures show five contenders polling significantly above others by at least six percentage points: Vice President De Castro, former President Joseph Estrada (whose candidacy would face serious legal hurdles), and Senators Manuel Villar, Manuel Roxas II, and Francis Escudero. Support for Senators Loren Legarda and Panfilo "Ping" Lacson tailed off significantly. A separate poll, allegedly commissioned by the wealthy Villar, shows him in the lead at 22 percent, four points above Noli De Castro. Voters' preference for National Defense Secretary Gilberto Teodoro was low in the one survey that measured him, drawing clear concern from his Malacanang Palace supporters about his lack of exposure to the public despite his role as Defense Secretary.

#### POLITICAL POWERHOUSE

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14. (C) Malacanang Palace moved decisively to shore up its role as kingmaker, forcing a merger of the two political parties headed by President Arroyo and influential former President Fidel V. Ramos. The hasty union May 28 of

Lakas-Christian Muslim Democrats (Lakas-CMD) and President Arroyo's Kabalikat ng Malayang Pilipino (KAMPI) party sealed Arroyo's control over the largest political machine in the country, and created a political and financial powerhouse that can draw on Malacanang's massive (and legal) pork barrel assets to affect every level of the May 2010 polls -- president, vice president, Senate, House, provincial governors, and mayors. However, the quick merger left Ramos and others crying foul over a perceived lack of consultation, forcing Palace aides to rush to appease the former President.

Palace Executive Secretary Eduardo Ermita told the Ambassador that Ramos was disappointed President Arroyo did not personally engage him about the merger, but claimed he had assuaged his mentor Ramos's anger over a bottle of expensive brandy. Ramos was not the only holdout. Representative Luis Villafuerte, who just resigned as KAMPI president, did not attend the merger ceremony because the parties had not resolved how the merger would affect slates of competing local candidates.

#### ADMINISTRATION SEEKS A WINNER

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15. (C) A Lakas-KAMPI screening committee headed by Presidential Political Adviser Gabriel Claudio is scrutinizing the shortlist of possible presidential and vice presidential candidates, reportedly narrowed down to Vice President Noli de Castro and Defense Secretary Gilberto Teodoro. De Castro, who has consistently topped popularity surveys but has also appeared ambivalent about whether he has the drive to seek the Presidency, continues to state it is still too early for him to decide (contenders face a November

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30 deadline for declaring their candidacy). He is reportedly being wooed by the Nacionalista Party to become Senator Villar's vice presidential running mate. Teodoro, who has strong credentials but lacks popular recognition, rejected suggestions he run for vice president, clarifying he was "seeking the presidency and nothing else." Observers speculate Teodoro will run as an independent if not drafted by Lakas-KAMPI. Interior Secretary Ronaldo Puno, a powerful political insider who has managed several successful presidential campaigns, declared he is seeking the vice presidency under the administration ticket. Lakas Secretary General Senator Juan Miguel Zubiri said the party is open to considering candidates from other parties who are doing well in the surveys, but he emphasized the need for the coalition to stay intact to give the administration candidate an edge in a multi-cornered fight for the presidency.

#### ARROYO AVERS 2010 ELECTIONS ON, BUT DOUBTS PERSIST

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16. (C) President Arroyo publicly reaffirmed her support for next year's elections, saying the merger of the two parties "is proof of our readiness, nay, determination, that the elections do push through." But her comments did little to dispel widespread rumors she seeks an extension of office through constitutional revision, especially as her supporters in the House of Representatives rammed through a resolution June 2 that would give the House significant leverage over the Senate in approving constitutional amendments. With a 2-1 majority in the House, her supporters had no trouble passing a bill that would create a unicameral "constitutional assembly" to weigh proposed amendments to the Marcos-era 1987 constitution (septel). The Senate's normal veto power would be eliminated under this "ConAss" scenario, as Senators and Representatives would sit as equals in the debate and voting.

At a June 3 private breakfast with the Ambassador, Presidential Management Staff Secretary Hermogenes Esperon said that President Arroyo had "zero intention" of staying in power by amending the Constitution, but might consider running for Congress, where as a sitting Representative she could still enjoy some privileges. However, opponents of constitutional revision suspect Arroyo's supporters intend to

propose conversion to a unicameral, parliamentary form of government, enabling Arroyo to run for Prime Minister to maintain power. The fate of the ConAss plan is far from clear, as it faced intense criticism from the Senate and political activists, and a likely Supreme Court challenge.

#### UNDERMINING OPPONENTS

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¶7. (C) Political mudslinging and maneuvering has escalated, with rivals seeking to hamstring wealthy Senator Manuel Villar, who was removed from his position as Senate President in November 2008 after declaring his intention to run for President. Villar is under Senate investigation for allegedly benefiting from government road projects near his real estate developments. His opponents, including fellow presidential candidate Senator Ping Lacson, have effectively pushed an investigation by the Senate's Ethics Committee into his alleged wrongdoings. However, Lacson himself is also expected to become the object of a potentially damaging murder investigation. Former police officer Cezar Mancao was extradited from the U.S. June 6 and is expected to testify that Lacson ordered underlings to carry out a brutal double homicide in 2000 when he served as chief of the Philippine National Police.

#### CONCERN OVER COMELEC BIDDING PROCESS

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¶8. (C) On the procedural side, the Commission on Elections (COMELEC) is poised to award a contract for a massive election automation scheme to supply over 82,000 optical scanning machines for use in every voting precinct. COMELEC continues to review the qualifications of the sole finalist in the bidding for the contract, the Dutch-Venezuelan consortium Smartmatic, which supplied the automation equipment for the 2008 elections in the Autonomous Region of Muslim Mindanao. The four disqualified U.S. bidders expressed concern about perceived favoritism toward the finalist. During a test at COMELEC, Smartmatic's optical scanner burned due to improper wiring, while their paper ballots failed to meet bid specifications. The last U.S. firm in the running, ES&S, was eliminated based on alleged failure of the company to comply with a bid security payment of over 44 million pesos (USD 960,000). The outcome of the bidding process has raised some concerns about COMELEC's transparency as well as the competence of the selected supplier.

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#### COMELEC PREPARING FOR ELECTIONS

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¶9. (C) COMELEC Chairman Jose Melo told the Poloffs June 3 that COMELEC was certain the May 2010 elections would proceed as expected and was working to overcome the tremendous logistical challenges they expect to face. Melo said that COMELEC was seeking agreement from the Philippine National Police for a total ban on guns in the vicinity of voting precincts, with special waivers to be considered for some. This policy would represent a change from past practice in which gun owners were asked to apply for permits to bring their guns, a requirement which unregistered gun owners did not respect. Melo noted that COMELEC would be the first body to rule on controversial issues such as the eligibility of former President Joseph Estrada to run for another term. If appealed, the cases would be heard directly by the Supreme Court, which has many justices recently appointed by, and possibly sympathetic to, President Arroyo.

#### SECOND-TIER PRESIDENTIAL CANDIDATES

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¶10. (C) We previously provided a rundown of the first-tier candidates for the presidency (reftel). The second-tier

contenders for the Presidency who rank consistently low in the polls are Senator Richard Gordon, Metro Manila Development Authority Chairman Bayani Fernando, Makati Mayor Jejomar Binay, the El Shaddai charismatic Catholic leader Brother Mike Velarde, and Pampanga Governor-priest Eduardo Panlilio.

SENATOR RICHARD GORDON

11. (C) Senator Richard Gordon, 63, has long harbored presidential ambitions and has grabbed every possible opportunity -- as former Tourism Secretary and as current Philippine National Red Cross Chairman and Senator -- to gain media mileage. He believes that voters are mature enough "not to be swayed by survey results but consider the track record of candidates." Known for his energy and dynamism in public service, Gordon is credited for effective leadership as mayor of Olongapo City, his "Wow Philippines" campaign to attract higher tourism arrivals, and Red Cross rescue and relief operations after natural disasters. He drew significant criticism, however, for his emotional (and ineffective) handling of negotiations to release three International Committee of the Red Cross workers held hostage by terrorists. He is supported by the Bagumbayan (New Nation) Movement organized by his political followers, and has said he will not seek, but would welcome, President Arroyo's support.

CHAIRMAN BAYANI FERNANDO

12. (C) A determined candidate, Metropolitan Manila Development Authority (MMDA) Chairman Bayani Fernando, 62, plans to pursue his candidacy even if his own party, Lakas, will not draft him. Inspired by his success as mayor in transforming suburban Marikina town into a model city, and as MMDA chairman in helping restore order in highly congested Metro Manila, Fernando is seeking a bigger stage for his socio-economic reform programs. He advocates a disciplined and productive citizenry and a determined political leadership that pursues action, not talk. Trailing behind in the surveys, he has embarked on an early public relations campaign nationwide. His posters are visible in Metro Manila; he hosts weekly radio and television programs and travels frequently to the provinces. Fernando is a mechanical engineer by profession and owns construction firms BF Corporation and BF Metal Corporation. His wife, Marides Fernando, is Mayor of Marikina City.

MAYOR JEJOMAR BINAY

13. (C) Also at the tail end of the surveys is Jejomar Binay, 66, the long-time mayor of Makati City, the country's chief financial district. Another staunch Arroyo critic, he heads the "United Opposition," a frontline coalition of political parties, politicians, and supporters of deposed President Estrada and the late presidential contender Fernando Poe Jr. A former student activist, street parliamentarian, and human rights lawyer during the Marcos rule, Binay has helped support protest movements against the Arroyo administration. His wife Dr. Elenita Binay has also held office, while his daughter represents Makati in the House of Representatives

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and his son sits on the Makati City Council. Binay supports a review of the Visiting Forces Agreement, which provides the sole legal framework for the presence of all U.S. military personnel in the Philippines.

BROTHER MIKE VELARDE

14. (C) The spiritual leader of the Catholic charismatic movement El Shaddai, Brother Mike Velarde, 69, has expressed

interest in running for President in 2010. This is a departure from his usual role as an endorser of presidential candidates. Counting on the group's huge membership -- estimated at 12 million -- presidential aspirants would troop to Velarde's door to court the votes of his flock. Velarde is reportedly wooing influential Church leaders to support his candidacy and has joked that with his million of followers and the support of the Church, there would be no need for an election. However, it is doubtful that the Church will break its neutrality in political exercises for his sake. Velarde asserts he is the leader who can "pull us together in one direction, a leader for all Filipinos, not just for some parties." However, many believe he can best serve the people as a preacher. Velarde has raised millions of pesos in contributions from his followers and has wisely invested them in real estate projects for El Shaddai members.

GOVERNOR EDUARDO PANLILIO  
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15. (C) Emboldened by his victory in the 2007 gubernatorial race over long-entrenched and wealthy politicians in Pampanga Province as well as by the prodding of reform-oriented citizens, priest-turned-politician Eduardo Panlilio originally had announced he was interested in joining the forthcoming presidential race. Several Catholic bishops openly criticized Panlilio for mixing religion with politics, advising the 55-year old prelate to leave the priesthood should he decide to stay in politics. Panlilio has indicated he is willing to give way and will instead support a worthy presidential candidate.

KENNEY